



DECEMBER 20, 2006



### Board of Supervisors

Brad Mitzelfelt, First District

Paul Biane, Chair, Second District

Dennis Hansberger, Third District

Gary Ovitt, Vice Chair, Fourth District

Josie Gonzales, Fifth District

### County Administrator

Mark Uffer

### County Auditor/Controller-Recorder

Larry Walker

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[www.sbcounty.gov](http://www.sbcounty.gov)

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# POPULAR ANNUAL FINANCIAL REPORT

COUNTY OF SAN BERNARDINO, CALIFORNIA  
FISCAL YEAR ENDED JUNE 30, 2006

## AUDITOR/CONTROLLER-RECORDER MESSAGE

I am pleased to present San Bernardino County's Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2006.

The goal of this report is to increase public awareness of San Bernardino County finances by providing financial information that is understandable to the average citizen. I invite you to share any questions, concerns, or comments you may have.

Financial data in this report is derived from the County's Comprehensive Annual Financial Report (CAFR), and it conforms with Generally Accepted Accounting Principles (GAAP). The economic, demographic and other data are derived

from various other sources not related to GAAP.

For more in-depth knowledge I also encourage you to review San Bernardino County's CAFR that is available at the Auditor/Controller-Recorder's office located at 222 Hospitality Lane, San Bernardino CA 92415, and on-line at [www.sbcounty.gov/acr](http://www.sbcounty.gov/acr).



Larry Walker, Auditor/Controller-Recorder

## FINANCIAL HIGHLIGHTS FOR 2005-2006

- The county has net assets of \$1.7 billion, an increase of \$115 million or 7% as compared to last fiscal year.
- County funds reported combined fund balances of \$877 million, an increase of 11% in comparison with the prior year.
- Unreserved fund balance for the general fund was \$365 million or 21% of total general fund expenditures.
- Total long-term debt increased by \$128 million, or an increase of 6% over the prior year.
- On November 28, 2006, the County settled litigation with Colonies Partners L.P. regarding flood control basins and channels on land owned by Colonies. The settlement included an initial \$22 million payment, future payments of \$80 million, and transfer of land and land rights.

Joshua Tree National  
Park



## COUNTY OVERVIEW

San Bernardino County, which lies northeast of Los Angeles and Orange Counties, north of Riverside County and south of Kern County, covers an area of more than 20,164 square miles. It contains 24 incorporated cities and towns. About 90 percent of the county is desert; the remainder consists of the San Bernardino Mountains and the San Bernardino Valley. Popular attractions in the County include the San Bernardino National Forest, Joshua Tree National Park, Death Valley National Park, and the East Mojave Scenic Area.

## THE BOARD OF SUPERVISORS



Brad Mitzelfelt  
First District  
(909) 387-4830  
supervisormitzelfelt@sbcounty.gov



Paul Biane, Chairman  
Second District  
(909) 387-4833  
supervisorbiane@sbcounty.gov



Dennis Hansberger  
Third District  
(909) 387-4855  
supervisorhansberger@sbcounty.gov



Gary Ovitt, Vice Chairman  
Fourth District  
(909) 387-4866  
supervisorovitt@sbcounty.gov



Josie Gonzales  
Fifth District  
(909) 387-4565  
supervisorgonzales@sbcounty.gov

*Note: Brad Mitzelfelt took office on January 10, 2007. Prior to that date, Bill Postmus served as County Supervisor, First District.*

## OTHER ELECTED OFFICIALS

ASSESSOR.....BILL POSTMUS

*Note: Bill Postmus took office on January 8, 2007. Prior to that date, Donald E. Williamson served as County Assessor.*

AUDITOR/CONTROLLER-RECORDER ..... LARRY WALKER

DISTRICT ATTORNEY ..... MIKE RAMOS

SHERIFF - CORONER ..... GARY PENROD

SUPERINTENDENT OF SCHOOLS ..... DR. HERBERT R. FISCHER

TREASURER-TAX COLLECTOR - PUBLIC ADMINISTRATOR ..... RICHARD LARSEN

## MISSION STATEMENT

The mission of the government of the County of San Bernardino is to satisfy its customers by providing service that promotes the health, safety, well being, and quality of life of its residents according to the County Charter, general laws, and the will of the customers it serves.



## ECONOMIC OUTLOOK

San Bernardino County continues to be one of the fastest growing and most populous counties in California, ranking fourth after Los Angeles, Orange, and San Diego counties. While businesses continue to relocate to San Bernardino County for its available land, families look toward the affordable housing offered as compared to neighboring Los Angeles and Orange Counties.

The County continued to have another year of expansion and growth in 2006. Major economic indicators for job creation, income, retail sales, spending, and construction all show improvement from the previous year. San Bernardino County's labor force numbered 863,400 in 2006, an increase of 28,600 or 3.4 percent from the previous year. Its unemployment rate declined to 4.7 percent in 2006, 0.4 percentage point lower than the state's rate for the same year.

The County has grown with a marked increase in commercial office space, primarily in the West Valley, and an increase in industrial space, primarily in the East Valley. The northern, desert portion of the County continues to increase its sales of residential homes. This is directly related to the job growth of the area, the continued migration of families from the higher priced coastal counties of California. The County is a major part of the growth engine of new housing in Southern California.

Between September 2004 and September 2005, the median price of a single family home in the County increased 34.6% from \$260,000 to \$350,000. Between September 2005 and September 2006, the price rose a modest 3.7% to \$363,250. In addition, sales volume is down in the county, and throughout Southern California.



San Bernardino County's overall economy is sustained through its outstanding transportation network that includes Ontario International Airport, Southern California Logistics Airport, two major transcontinental railroads with inter-modal facilities and classification yards, and many miles of quality interstate highways. The strategic location of the region allows logistic distribution operations to be positioned within close proximity of the West's two largest ports: Los Angeles and Long Beach. Businesses located within the County effectively and efficiently serve markets throughout California, the Western US, and the Pacific Rim. Ensuring the County's role as a major transportation center is its desirable Southern California location that allows for the many cargo carriers entering or leaving California to pass through San Bernardino County on their way to the world.

A progressive approach to business and education, an attractive Southern California location, an unprecedented transportation network, and one of the last sources of affordable and available land within the greater Los Angeles area, assure San Bernardino County's economic viability in the twenty-first century.

**County still at 'full' employment. Remains at 4.3 for second month in a row.**

*Daily Press, June 17, 2006*

## STATEMENT OF NET ASSETS

(AMOUNTS IN THOUSANDS)

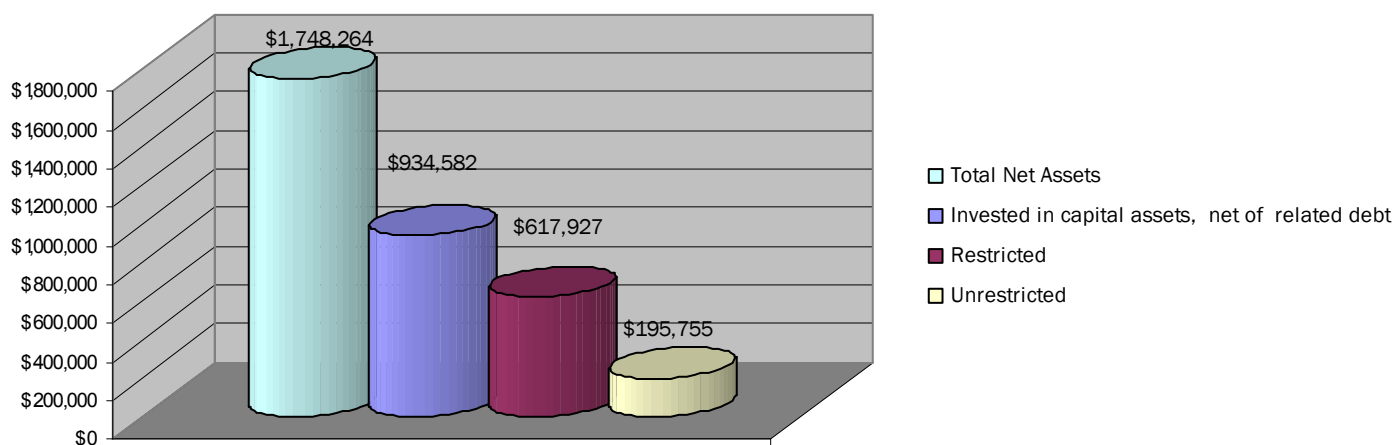
As of June 30, 2006, the County's net assets totaled \$1.7 billion, an increase of \$115 million or 7% from the previous year.

	2006	2005	Variance
Current and other assets	\$ 2,423,544	\$ 2,205,646	10%
Capital assets	1,847,340	1,785,437	3%
Total assets	4,270,884	3,991,083	7%
Current and other liabilities	228,517	191,521	19%
Long-term Liabilities	2,294,103	2,165,816	6%
Total liabilities	2,522,620	2,357,337	7%
Net assets:			
Invested in capital assets, net of related debt	934,582	874,019	7%
Restricted	617,927	513,448	20%
Unrestricted	195,755	246,279	-21%
Total Net Assets	\$ 1,748,264	\$ 1,633,746	7%

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, an increase or decrease in net assets may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

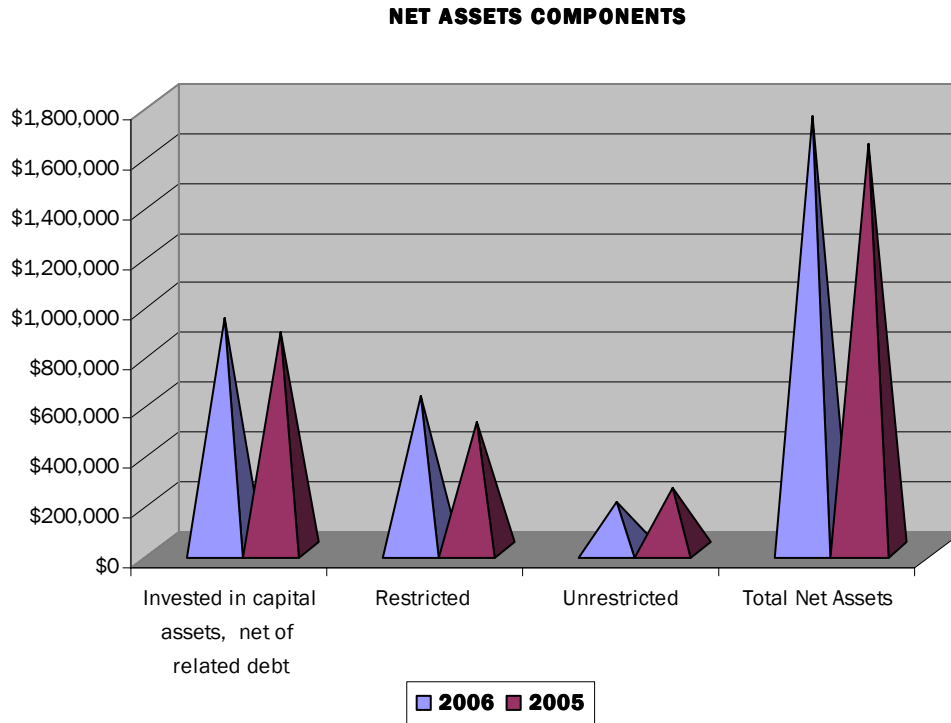
The information on this schedule is derived from the County's Comprehensive Annual Financial Report (CAFR), which is presented in conformity with generally accepted accounting principles (GAAP), and contains more information.

### NET ASSETS



## NET ASSETS COMPONENTS

(AMOUNTS IN THOUSANDS)



- The largest component of the County's net assets, about 53% or \$934,582, was **invested in capital assets, less any related outstanding debt**, used to acquire those assets. Even though the County's investment in capital assets is reported net of related debt, the capital assets themselves cannot be used to pay the County's debt, and so the resources needed to pay these liabilities must be provided from other resources.
- The second component of the County's net assets is **restricted net assets**. Restricted means that these resources are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, laws/regulations of other governments, or restrictions imposed by law through constitutional provision or legislation, including those passed by the County itself. Total restricted net assets is \$617,927.
- The last component of net assets is **unrestricted net assets**. Unrestricted net assets are resources that the County may use to meet its ongoing obligations to citizens and creditors. Total unrestricted net assets is \$195,755.



## CAPITAL ASSETS

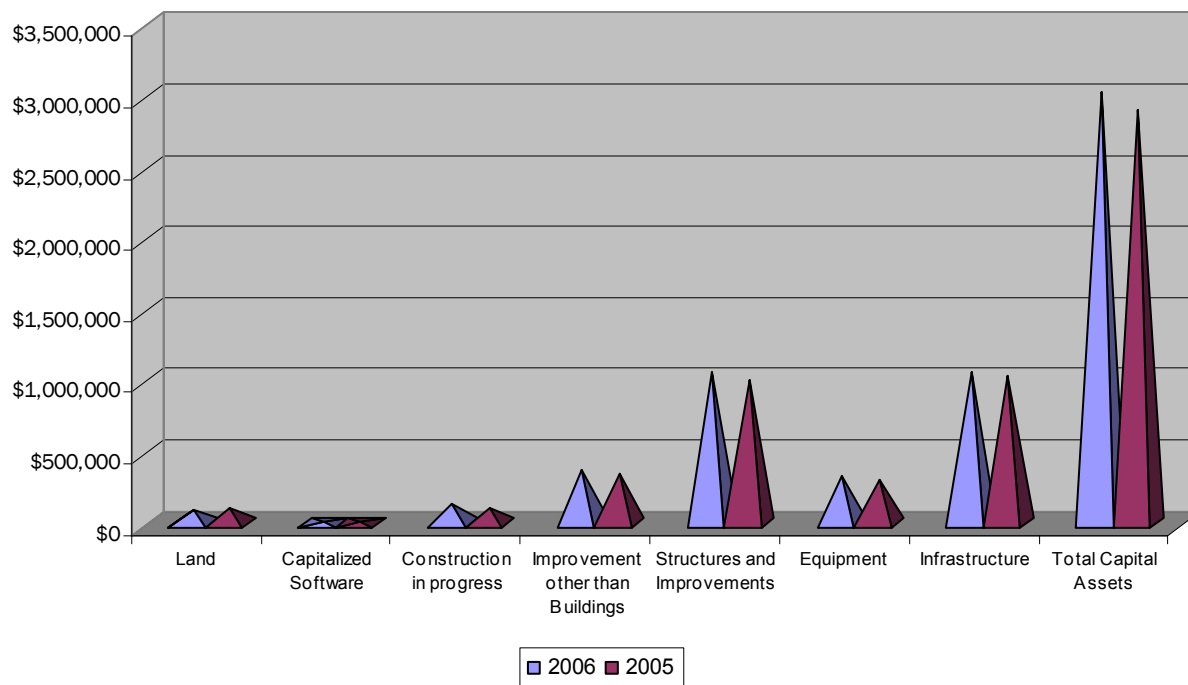
(AMOUNTS IN THOUSANDS)

As of June 30, 2006, the County's capital assets totaled \$3 billion, an increase of \$132 million or 5% from the previous year.

Capital Assets	2006	2005	Variance
Land	\$ 85,806	\$ 101,285	-15.0%
Capitalized Software	6,759	2,708	150%
Construction in Progress	127,195	100,195	27%
Improvement other than Buildings	371,345	347,558	7%
Structures and Improvements	1,056,417	1,009,620	5%
Equipment	324,536	302,413	7%
Infrastructure	1,056,716	1,033,446	2%
Total Capital Assets	\$ 3,028,774	\$ 2,897,225	5%

Capital assets includes land, software, construction in progress, improvement other than buildings, structures and improvements, equipment and infrastructure, that are used to provide service to the citizens of the County.

### CAPITAL ASSETS



## DEBT INSTRUMENTS

**Certificates of Participation** are long-term debt instruments that are repaid from the County's general revenue sources. They are backed by the full faith and credit of the County.

**General Obligation Bonds** are long-term debt instruments that are repaid from the County's general revenue sources. They are backed by the full faith and credit of the County.

**Revenue Bonds** are issued to pay for the County's unfunded pension obligation liability.

**Long-Term Loans** are debt instruments issued by the County for various public works projects.

**Capital Lease Obligations** are contracts made by the County's departments for the acquisition of assets such as copiers, mail machines, and so forth. The departments pay for these contracts from their annual budgets.

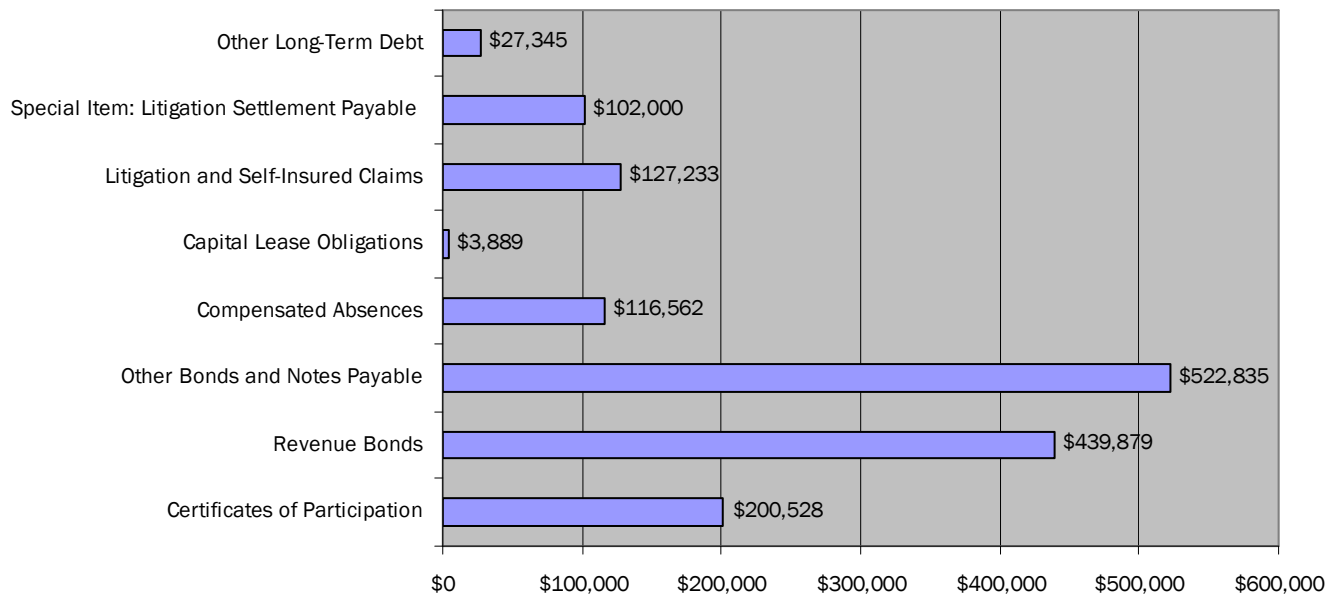
## SUMMARY OF DEBT OBLIGATIONS (AMOUNTS IN THOUSANDS)

As of June 30, 2006, the County's long term debt totaled \$2.3 billion, an increase of \$128 million or 6% from the previous year.

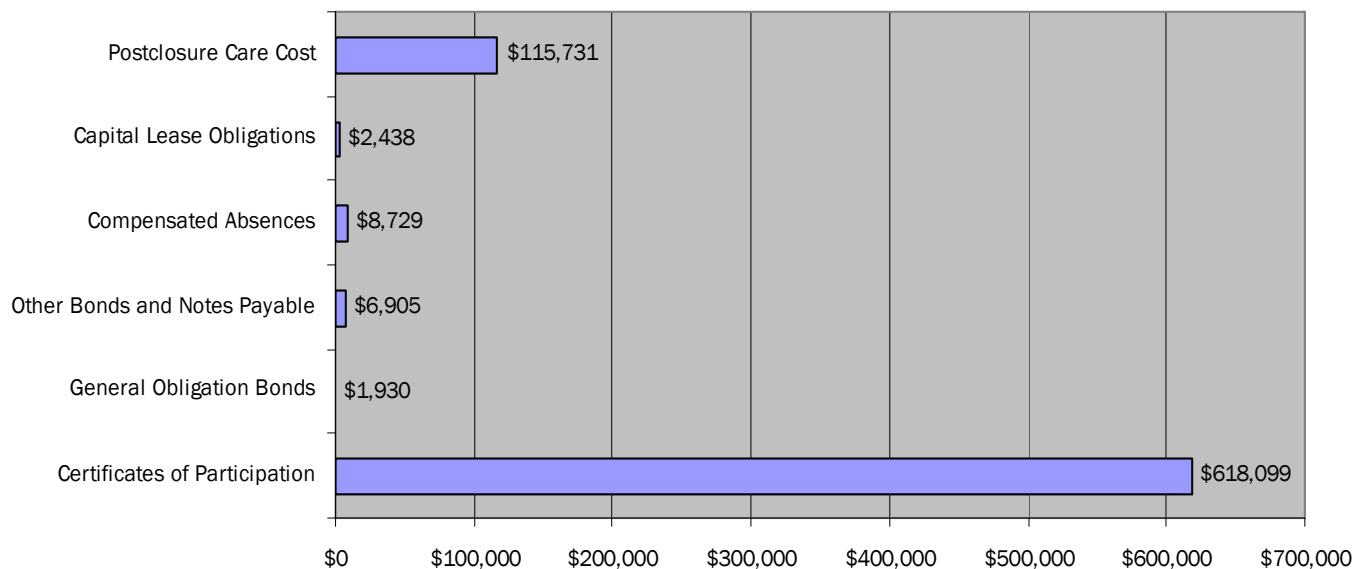
Governmental Activities	2006	2005	Variance
Certificates of Participation, net	\$ 200,528	\$ 212,704	-6%
Revenue Bonds, net	439,879	439,539	-%
Other Bonds and Notes	522,835	484,409	8%
Compensated Absences	116,562	104,522	12%
Capital Lease Obligation	3,889	4,457	-13%
Estimated Liability for Litigation and Self -Insured Claims	127,233	115,714	10%
Special Item: Litigation Settlement Payable	102,000	-	-%
Other Long-Term Liabilities	27,345	29,900	-9%
Total Governmental Activities - Long-term Liabilities	<u>\$ 1,540,271</u>	<u>\$ 1,391,245</u>	<u>11%</u>
<b>Business-type Activities</b>			
Certificates of Participation, net	\$ 618,099	\$ 645,146	-4%
General Obligation Bonds	1,930	2,045	-6%
Notes	6,905	4,435	56%
Compensated Absences	8,729	7,936	10%
Capital Lease Obligation	2,438	1,305	87%
Estimated Liability for Closure/ Postclosure Care Costs	115,731	113,704	2%
Total Business-type Activities - Long-term Liabilities	<u>\$ 753,832</u>	<u>\$ 774,571</u>	<u>-3%</u>
Total County Debt	<u>\$ 2,294,103</u>	<u>\$ 2,165,816</u>	<u>6%</u>

**LONG-TERM DEBT**  
(AMOUNTS IN THOUSANDS)

**GOVERNMENTAL ACTIVITIES**  
**LONG-TERM DEBT: \$ 1,540,271**



**BUSINESS-TYPE ACTIVITIES**  
**LONG-TERM DEBT: \$753,832**





## STATEMENT OF ACTIVITIES

(AMOUNTS IN THOUSANDS)

The Statement of Activities provides information on the County's revenues and expenses, with the difference between the two reported as net assets. As of June 30, 2006, the County's revenues totaled \$2.9 billion, a decrease of \$61 million from the previous year, and expenses totaled \$2.7 billion, a decrease of \$59 million from the previous year.

	2006	2005	% of Total
<b>REVENUES</b>			
<b>Program Revenues:</b>			
Charges for Services	\$ 758,798	\$ 920,252	27%
Operating Grants/Contributions	1,286,635	1,254,424	45%
Capital Grants/Contributions	21,843	26,388	1%
<b>General Revenues:</b>			
Property Taxes, Levied for General Purposes	423,471	219,076	15%
Property Taxes, Levied for Debt Service	8,375	3,557	0%
Public Safety Tax	140,855	125,222	5%
Sales Taxes	30,875	26,683	1%
Other Taxes	54,221	37,453	2%
Motor Vehicle In-Lieu taxes	-	175,266	0%
Unrestricted Revenues from Use of Money and Property	67,584	53,457	2%
Miscellaneous	57,489	70,232	2%
Gains on Sale of Capital Assets	5,680	4,877	0%
<b>Total Revenues</b>	<b>2,855,826</b>	<b>2,916,887</b>	<b>100%</b>
<b>EXPENSES</b>			
General Government	137,092	125,760	5%
Public Protection	764,154	702,624	29%
Public Ways and Facilities	73,014	61,786	3%
Health and Sanitation	241,795	329,669	9%
Public Assistance	817,924	827,800	31%
Education	17,612	16,243	0%
Recreation and Cultural Services	19,355	21,185	0%
Interest on Long Term Debt	75,350	72,041	3%
Medical Center	430,459	496,437	16%
Waste Systems	69,320	53,835	3%
Other	21,463	19,446	1%
<b>Total Expenses</b>	<b>2,667,538</b>	<b>2,726,825</b>	<b>100%</b>
Excess (Deficit) before Special Items and Transfers	188,288	190,061	
Special Item - Gain on Sale of Surplus Land	28,230	-	
Special item - Litigation Settlement	(102,000)	-	
Increase in Net Assets	114,518	190,061	
Net Assets – Beginning of Year	1,633,746	1,443,685	
<b>Net Assets – End of Year</b>	<b>\$ 1,748,264</b>	<b>\$ 1,633,746</b>	

The information on this schedule is derived from the County's Comprehensive Annual Financial Report (CAFR), which is presented in conformity with generally accepted accounting principles (GAAP), and contains more information.

**Revenues** are monies the County receives from a variety of sources to pay for the services it provides.

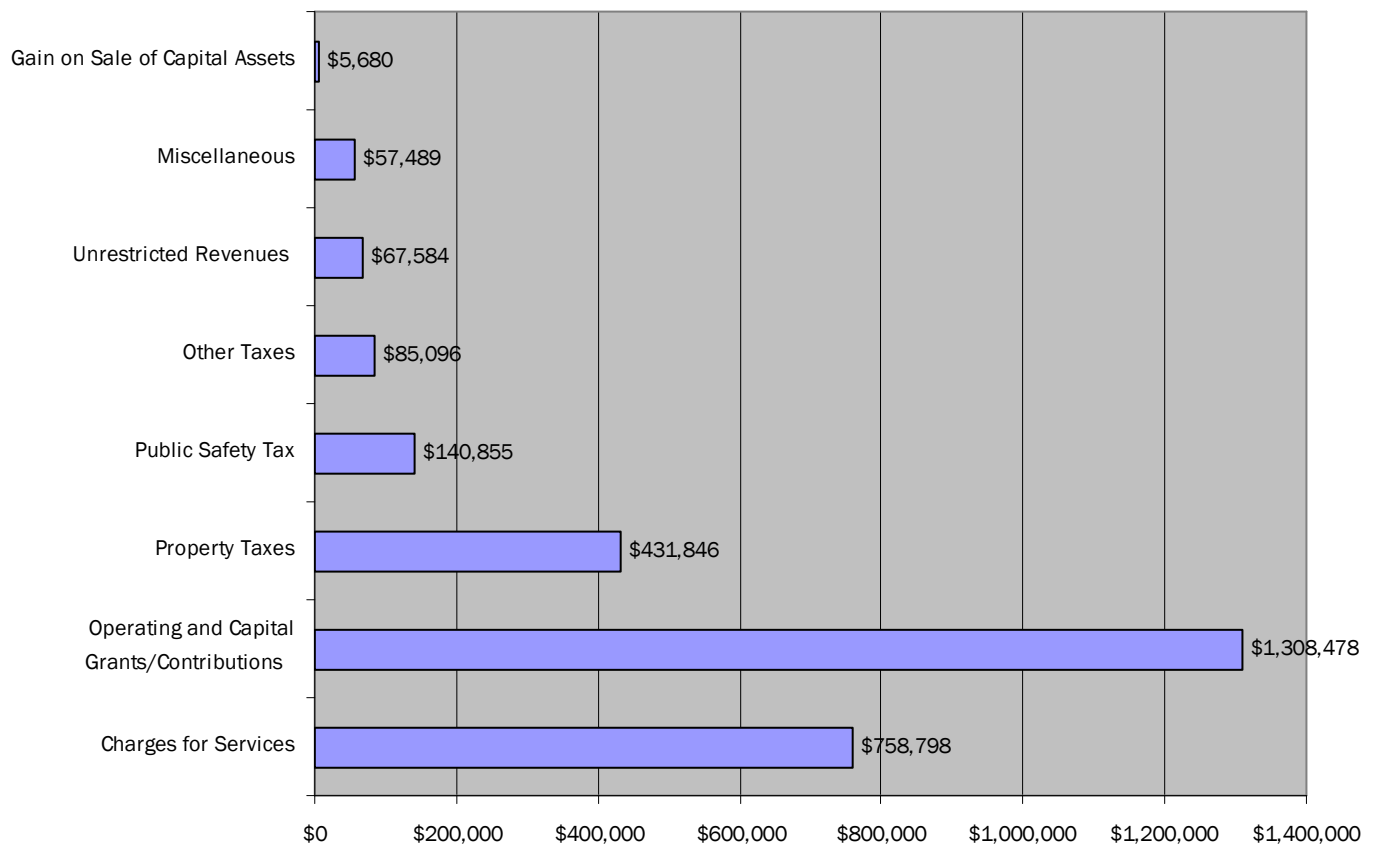
**Expenses** are the amounts spent to provide services to citizens.

New exhibits to tell big story. \$6.4 million expansion will add hall to the county museum

## FINANCIAL ACTIVITIES

(AMOUNTS IN THOUSANDS)

### REVENUES FOR 2006: \$2,855,826



#### Program Revenues include:

*Charges for services* are revenues generated from licenses, permits, other fees, fines, forfeitures, and charges paid by the recipients of goods and services offered by County programs.

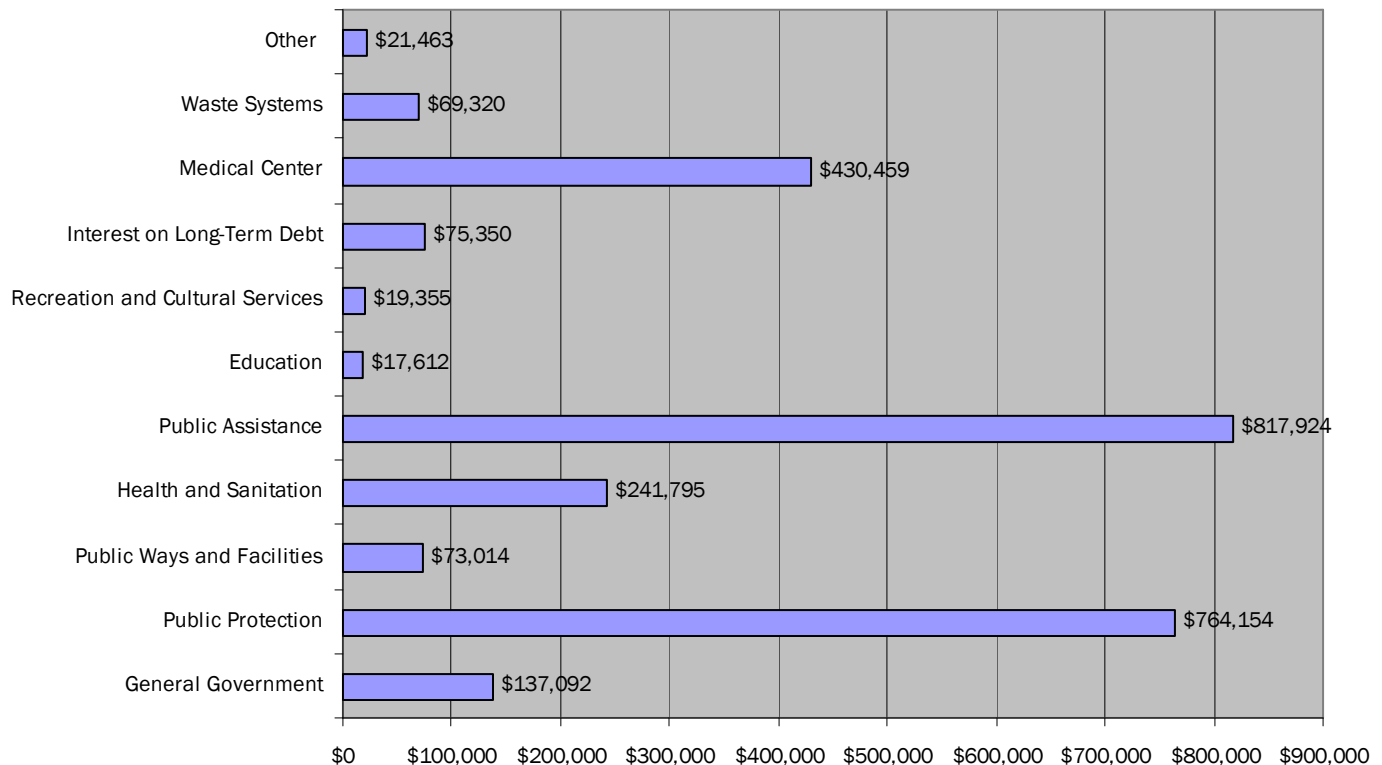
*Operating/Capital grants and contributions* represent grants and contributions received from other governments, organizations and individuals that are restricted in some manner; and investment earnings that are restricted to meeting the operational or capital requirements of a particular program.

**General Revenues** are those revenues that are not classified as program revenues. All taxes, even those that are levied for a specific purpose, are considered general revenues.

## FINANCIAL ACTIVITIES

(AMOUNTS IN THOUSANDS)

### EXPENDITURES FOR 2006: \$2,667,538



**General Government** expenses are costs incurred for the County's administrative offices, including the Board of Supervisors, County Administrative Office, Auditor/Controller-Recorder, Treasurer-Tax Collector, and Assessor.

**Public Protection** expenses are costs incurred for the judicial and public safety activities of the County, including Trial Courts, District Attorney, Public Defender, Sheriff, Coroner, Probation, Flood Control and Land Use Services.

**Public Ways and Facilities** expenses are costs incurred to maintain county roads, bridges, and airports.

**Health and Sanitation** expenses are costs incurred by the various health departments, including Public Health, Behavioral Health, Alcohol and Drug Prevention, and California Children's Services.

**Education** expenses are costs of the County Library and County Superintendent of Schools.

**Public Assistance** expenses are costs for Welfare Aid Programs, Economic Development, Aging and Adult Services, Jobs and Employment Services, and Veterans Affairs.

**Recreation and Cultural Services** expenses are costs related to the County Museum, Regional Parks, and Glen Helen Amphitheatre.

**Interest on Long Term Debt** accounts for interest payments made on County debt.

**Medical Center** expenses are costs incurred to operate the County Hospital.

**Waste Systems** expenses are costs to operate the County landfills.

**Other** expenses are costs to operate the County's other enterprise funds.

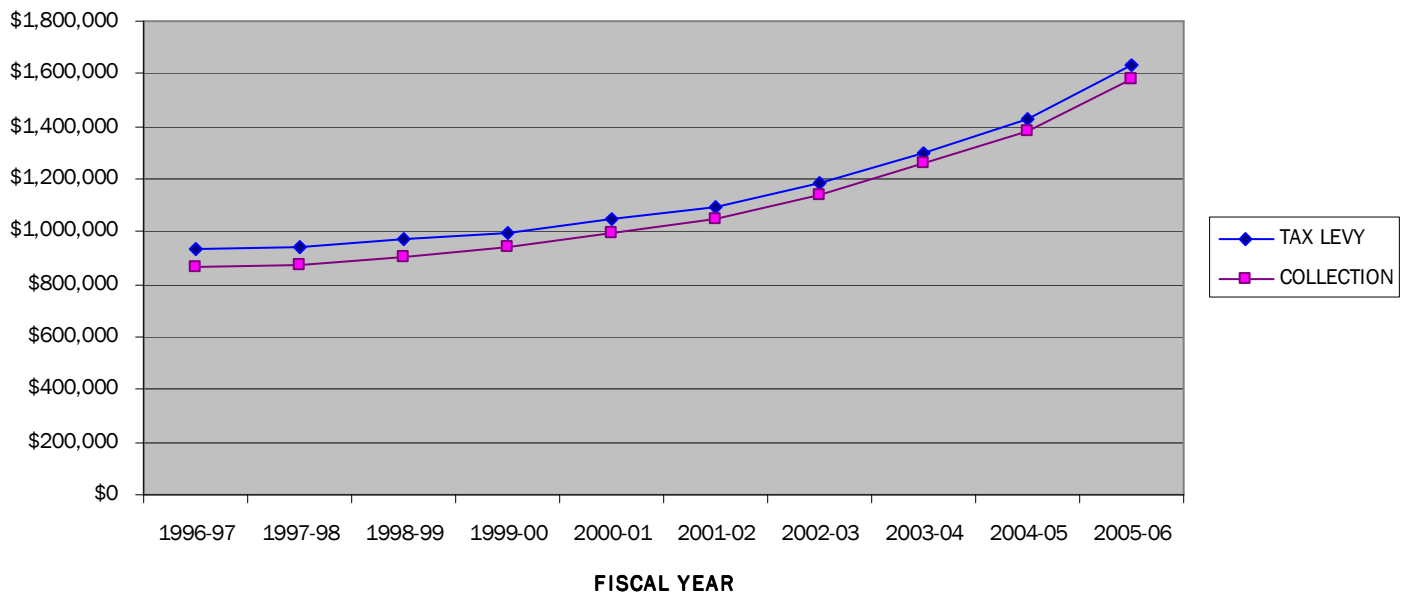
**PROPERTY VALUES AND TAX COLLECTIONS**

(AMOUNTS IN THOUSANDS)

FISCAL YEAR	TAX LEVY AMOUNT	COLLECTIONS		DELINQUENCY	
		AMOUNT (1)	PERCENT	AMOUNT	PERCENT
1996-97	\$ 931,302	\$ 862,854	92.7	\$ 68,448	7.3
1997-98	\$ 940,414	\$ 874,882	93.0	\$ 65,532	7.0
1998-99	\$ 970,426	\$ 906,204	93.4	\$ 64,222	6.6
1999-00	\$ 995,499	\$ 938,047	94.2	\$ 57,452	5.8
2000-01	\$ 1,044,654	\$ 995,354	95.3	\$ 49,300	4.7
2001-02	\$ 1,095,919	\$ 1,051,265	95.9	\$ 44,653	4.1
2002-03	\$ 1,187,114	\$ 1,139,679	96.0	\$ 47,435	4.0
2003-04	\$ 1,297,403	\$ 1,257,459	96.9	\$ 39,943	3.1
2004-05	\$ 1,430,975	\$ 1,379,658	96.4	\$ 51,317	3.6
2005-06	\$ 1,635,460	\$ 1,576,842	96.4	\$ 58,618	3.6

(1) Amounts collected by the County on behalf of itself, school districts, cities and special districts.

Source: Auditor/Controller-Recorder, County of San Bernardino.

**PROPERTY TAX LEVY AND COLLECTION**

## POPULATION

FISCAL YEAR	(1) COUNTY POPULATION	(1) CALIFORNIA POPULATION	(2) UNITED STATES POPULATION	(3) SCHOOL ENROLLMENT	(4) COUNTY UNEMPLOYMENT RATE
1996-97	1,587,000	32,609,000	266,490,000	347,000	7.2
1997-98	1,621,000	33,252,000	270,732,000	357,000	6.3
1998-99	1,654,000	33,773,000	273,630,000	365,000	5.6
1999-00	1,689,000	34,336,000	275,377,000	374,000	4.8
2000-01	1,764,000	34,818,000	276,059,000	383,000	4.6
2001-02	1,784,000	35,037,000	287,170,000	394,000	5.6
2002-03	1,833,000	35,591,000	288,100,000	407,000	5.5
2003-04	1,886,000	36,144,000	294,609,000	419,000	5.9
2004-05	1,946,000	36,810,000	297,518,000	423,000	5.4
2005-06	1,992,000	37,172,000	299,330,000	425,000	4.7

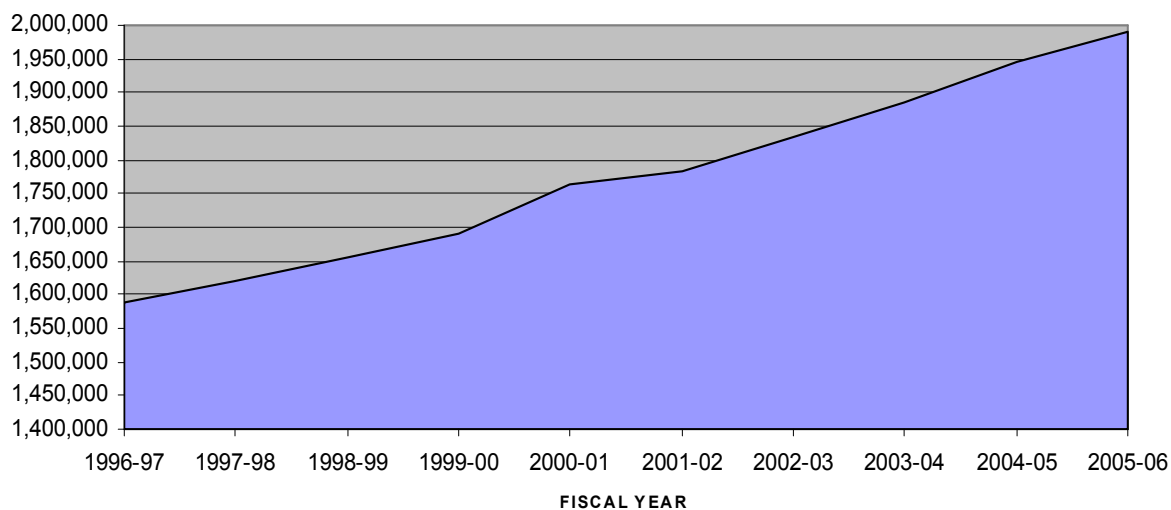
(1) Source: California Department of Finance.

(2) Source: U. S. Census Bureau.

(3) Source: Superintendent of Schools.

(4) Source: California Employment Development Department.

## COUNTY POPULATION

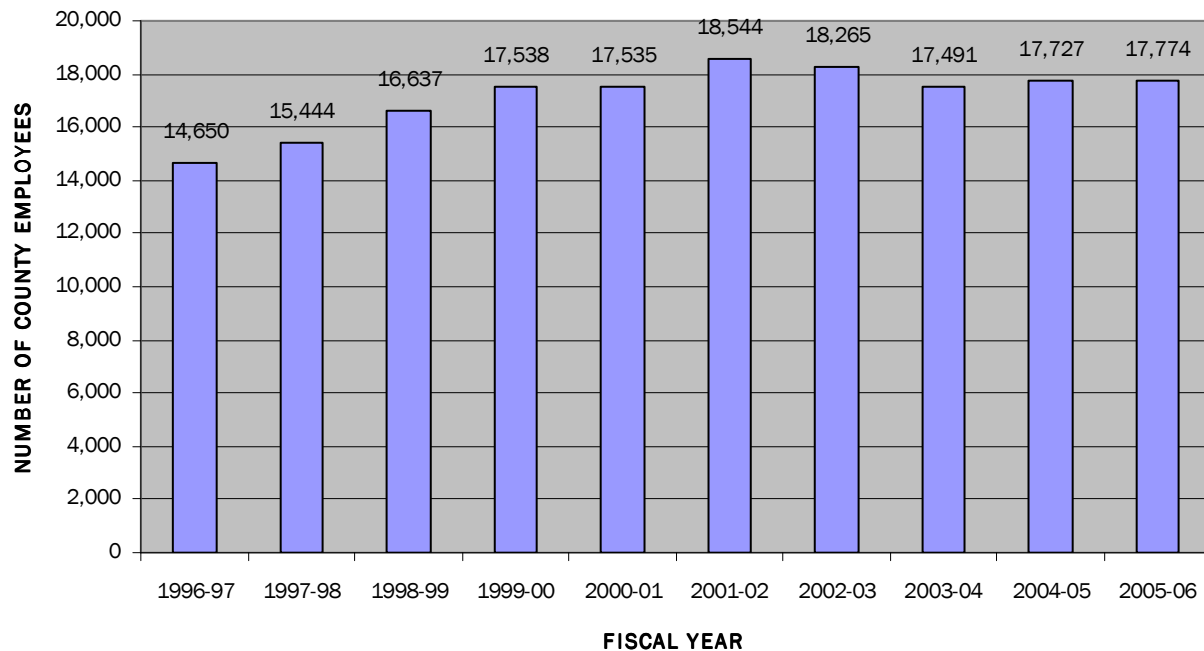


## TOP TEN EMPLOYERS

Employer	2006			1997		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
County of San Bernardino	17,774	1	2.04%	15,719	1	2.23%
Loma Linda University Adventist Health Services Center	13,000	2	1.49%	7,891	3	1.12%
Stater Brothers	12,230	3	1.41%	10,450	2	1.48%
Kaiser Permanente	9,300	4	1.07%	5,600	5	0.80%
San Bernardino City Unified School District	7,491	5	0.86%	6,400	4	0.91%
Ontario International Airport	5,000	6	0.57%	*	*	*
Fontana Unified School District	3,820	7	0.44%	3,000	6	0.43%
San Manuel Band of Mission Indians	3,261	8	0.37%	1,641	9	0.23%
California State University San Bernardino	3,012	9	0.35%	1,788	8	0.25%
Chino Valley Unified School District	3,000	10	0.34%	2,152	7	0.31%
<b>Total Top Ten Employers</b>	77,888			54,641		
<b>Total County Employments</b>	869,800			704,200		

(\*)Data not available

## COUNTY EMPLOYEES





## DIRECTORY OF COUNTY OFFICIALS

### APPOINTED

AGING AND ADULT SERVICES .....	COLLEEN KRYGIER
AGRICULTURAL COMMISSIONER/SEALER.....	EDOUARD P. LAYAYE
AIRPORTS .....	BILL INGRAHAM
ARCHITECTURE AND ENGINEERING .....	CARL ALBAN
ARROWHEAD REGIONAL MEDICAL CENTER .....	JUNE GRIFFITH-COLLISON
BEHAVIORAL HEALTH .....	ALLAN RAWLAND
CHILD SUPPORT SERVICES .....	CONNIE BRUNN
CHILDREN'S SERVICES.....	CATHY CIMBALO
CLERK OF THE BOARD OF SUPERVISORS .....	DENA SMITH
COMMUNITY ACTION PARTNERSHIP .....	PATRICIA L. NICKOLS
ECONOMIC DEVELOPMENT AGENCY.....	BRIAN MCGOWAN
COUNTY ADMINISTRATIVE OFFICER .....	MARK UFFER
COUNTY COUNSEL (ACTING) .....	RUTH STRINGER
COUNTY LIBRARIAN.....	ED KIECZYKOWSKI
FACILITIES MANAGEMENT.....	DAVE GIBSON
FIRE DEPARTMENT/FIRE WARDEN .....	PAT DENNEN
FLEET MANAGEMENT .....	ROGER G. WEAVER
HUMAN RESOURCES .....	ANDREW LAMBERTO
HUMAN SERVICES GROUP .....	LINDA HAUGAN
INFORMATION SERVICES (INTERIM).....	STEPHEN HALL
LAND USE SERVICES.....	MICHAEL HAYS
LEGISLATIVE AFFAIRS .....	JIM LINDLEY
MUSEUM .....	ROBERT MCKERNAN
PRESCHOOL SERVICES .....	RON GRIFFIN
PROBATION .....	JERRY L. HARPER
PUBLIC DEFENDER.....	DOREEN BOXER
PUBLIC HEALTH (INTERIM) .....	ERIC FRYKMAN MD
PUBLIC & SUPPORT SERVICES GROUP.....	NORM KANOLD
PUBLIC WORKS .....	VANA OLSON
PURCHASING (INTERIM) .....	JIM LINDLEY
REAL ESTATE SERVICES .....	DAVID H. SLAUGHTER
REDEVELOPMENT AGENCY .....	KATHY THOMAS
REGIONAL PARKS .....	THOMAS POTTER
REGISTRAR OF VOTERS .....	KARI VERJIL
RISK MANAGEMENT .....	LAURIE MILHISER
SPECIAL DISTRICTS .....	TOM SUTTON
TRANSITIONAL ASSISTANCE DEPARTMENT.....	NANCY SWANSON



## MAJOR EVENTS OF 2005-2006

San Bernardino County Supervisor Gary Ovitt (left) dedicates a display marking the County's effort to assist the people of Gulfport, Miss., following Hurricane Katrina.



Sheriff deputies assist a volunteer posing as a disaster victim during the Golden Guardian drill at the County of San Bernardino's Hyundai Pavilion at Glen Helen.

Rock star Sammy Hagar visits the staff of the County's Arrowhead Regional Medical Center Burn Unit. Hagar's June 3, 2006 concert at the County's Hyundai Pavilion at Glen Helen raised money for the Burn Unit.



Race cars and banners adorn the San Bernardino County Government Center Rotunda to promote the County's partnership with NASCAR and the California Speedway.

*NASCAR races provide a prime chance for the county to shine .*

*The Sun, September 01, 2006*